

Exhibit 2

AGREEMENT FOR PURCHASE AND SALE

By and Among

QUEMETCO, INC.,

ST. JOE MINERALS CORPORATION

and

Q ACQUISITION CORPORATION

Dated as of December 22, 1970

AGREEMENT FOR PURCHASE AND SALE

THIS AGREEMENT FOR PURCHASE AND SALE is executed as of this *29th* day of December, 1970, by QUEMETCO, INC. (formerly Western Lead Products Co.), a California corporation (hereinafter referred to as "QUEMETCO"), ST. JOE MINERALS CORPORATION, a New York corporation (hereinafter referred to as "ST. JOE"), and Q ACQUISITION CORPORATION, a Delaware corporation (hereinafter referred to as "NEW QUEMETCO"), a wholly-owned subsidiary of St. Joe.

ARTICLE I

PLAN FOR PURCHASE AND SALE

1.01. **Quemetco Transfers.** On the Closing Date (as defined in section 7.01) Quemetco shall, subject to the terms and conditions hereof, transfer to New Quemetco all of Quemetco's assets, properties, business and goodwill of every kind and description (tangible or intangible, real, personal and mixed) wherever located, as the same shall exist on the Closing Date, all as more fully specified in section 7.02 A., and shall indemnify St. Joe and New Quemetco as set forth in section 7.02 B.

1.02. **Transfers by New Quemetco or St. Joe.** On the Closing Date New Quemetco or St. Joe shall, subject to the terms and conditions hereof, deliver (a) to Quemetco a certified or bank cashier's check in an amount equal to the product of \$12.00 multiplied by a number (the "Base Number") equal to (i) 576,189 (the number of shares of Quemetco common stock now outstanding) plus (ii) the number of shares which shall have been issued after the date hereof and prior to the Closing Date upon exercise of the stock options referred to in section 2.02 and upon conversion of \$350,000 in principal amount of the Company's 5 $\frac{1}{8}$ % fifteen-year convertible subordinated notes (the "Subordinated Notes") maturing on October 8, 1980, issued under a Note Purchase Agreement dated September 1, 1965 (the "Note Purchase Agreement") and (b) to Quemetco for endorsement and delivery on the Closing Date to Union Bank, as escrow agent (the "Escrow Agent") under an escrow agreement in the form attached as Exhibit A (the "Escrow Agreement"), a certified or bank cashier's check in an amount equal to the product of \$1.50 multiplied by the Base Number. Both such checks shall be in Los Angeles Clearing House funds.

1.03. **Assumption of Liabilities and of Stock Options.** On the Closing Date, New Quemetco shall assume the liabilities of Quemetco to the extent set forth in section 7.03 B and shall assume Quemetco's stock options to the extent set forth in section 7.03 C.

1.04. **Liquidation and Dissolution of Quemetco.** Subsequent to the Closing Date, Quemetco will change its name in accordance with section 7.05 B, and will dissolve, liquidate and distribute to its shareholders the cash received from New Quemetco or St. Joe and the cash received from the Escrow Agent pursuant to the Escrow Agreement in accordance with section 7.05 D.

ARTICLE II

COVENANTS, REPRESENTATIONS AND WARRANTIES OF QUEMETCO

Quemetco hereby covenants, represents and warrants to St. Joe and to New Quemetco that:

2.01. **Legal Status.** Quemetco is a corporation duly organized and validly existing under the laws of the State of California, is duly qualified as a foreign corporation in Texas, Indiana, Washington, and Oregon, which are the only jurisdictions except for Virginia in which the ownership of its properties or

the conduct of its activities requires such qualification, and has corporate power to carry on its business as it is now being conducted. Each of the Quemetco subsidiaries referred to in section 2.03 is duly organized and validly existing under the laws of the jurisdiction of its incorporation, has corporate power to carry on its business as it is now being conducted and is duly qualified to do business in all jurisdictions in which the ownership of its properties or the conduct of its activities requires such qualification. Quemetco has delivered to St. Joe complete and correct copies of the Articles of Incorporation and all amendments thereto of Quemetco and of each of its subsidiaries, in each case certified as of a recent date by the Secretary of State or comparable authority of the jurisdiction of incorporation, and copies of the By-Laws as amended of Quemetco and of each of its subsidiaries, in each case certified as of a recent date by the Secretary of such corporation.

2.02. Capitalization. Quemetco is authorized to issue two million (2,000,000) shares of stock having a par value of One Dollar (\$1.00) per share. Quemetco presently has outstanding and not liable to any call or assessment Five Hundred Seventy Six Thousand One Hundred Eighty Nine (576,189) shares of common stock exclusive of:

(a) Thirty Nine Thousand Five Hundred (39,500) shares reserved for issuance on exercise of qualified stock options; and

(b) Forty Five Thousand Five Hundred Seventy Two (45,572) shares reserved for issuance upon conversion of the Subordinated Notes.

2.03. Subsidiaries. Quemetco owns all of the outstanding stock of Bestolife Corporation, a California corporation, and sixty percent (60%) of the issued and outstanding stock of Productos Industriales de Plomo, S.A. (hereinafter referred to as "PIPSA"), a corporation organized under the laws of Mexico. All shares of stock owned by Quemetco in each subsidiary are validly issued and outstanding, fully paid and nonassessable, and owned beneficially and of record (but not of record in the case of PIPSA) by Quemetco, free of any mortgage, lien, pledge, charge or encumbrance of any kind. Quemetco owns no shares of stock of any other corporation.

2.04. Financial Statements; Changes. Quemetco has delivered to St. Joe its proxy statement containing the consolidated balance sheet at March 31, 1970 and the related consolidated statements of income and of shareholders' equity, including the notes thereto, for the five (5) years then ended, all certified by Lybrand, Ross Bros. & Montgomery, Certified Public Accountants; an unaudited consolidated balance sheet at September 30, 1970 and the related consolidated statements of income and of shareholders' equity for the six months then ended; and an unaudited consolidated statement of income for the six months ended September 30, 1969. All such financial statements have been prepared in conformity with generally accepted accounting principles applied on a consistent basis throughout the periods indicated, except as otherwise indicated therein, and present fairly the financial condition of Quemetco and its subsidiaries and the results of operations for the respective periods then ended. Since March 31, 1970 there has been (i) no material adverse change (other than: any change as a result of a change in the domestic price of lead as published in *American Metal Market*; the retirement, with St. Joe's prior written approval, of any notes issued under the Note Purchase Agreement; or those changes caused by the performance of the acts contemplated by this Agreement) in the business, properties or financial condition or in the results of operations of Quemetco or of any subsidiary (determined in conformity with accounting principles applied on a consistent basis with those employed in the preparation of the financial statements of Quemetco and the apposite subsidiary), and (ii) no damage, destruction, loss, labor trouble or other event or condition which shall have had a material adverse effect on any such business or property.

2.05. Title to Properties. Schedule 1, which has been delivered to St. Joe, lists, separately for Quemetco and for each of its subsidiaries, all real property owned by PIPSA, and all interests in real property, including all options to purchase real property and a true and complete list of all outstanding

leases in which such corporations are tenants or lessees, setting forth, for each such lease, the name of the landlord or lessor and an accurate description of the principal terms of the lease. Quemetco and each of its subsidiaries have good and marketable title in fee simple to all of their respective real properties shown on Schedule 1 as owned in fee, and have complied in full with the terms of, and are in good standing under, each lease or option listed in Schedule 1. Except as set forth in Schedule 1, Quemetco and each of its subsidiaries have good and marketable title to all their respective personal property and assets, including, without limitation, all those referred to in the balance sheet as at March 31, 1970 referred to in section 2.04, except as set forth therein and except for items of inventory or other assets since sold or otherwise disposed of in the ordinary course of business. Except as set forth in Schedule 1, none of the properties or assets (personal or real) of Quemetco or its subsidiaries is subject to any pledge, lien, conditional sale agreement, encumbrance or charge of any kind other than liens shown on the financial statements referred to in section 2.04 and minor encumbrances which are not, either individually or in the aggregate, substantial in amount and which do not materially detract from the value of the properties and assets subject thereto and which are immaterial in their effect upon the use of such property or assets for the purposes now used. The real property, equipment and other property owned by Quemetco and its subsidiaries, and the operation thereof, conform with all applicable ordinances, regulations and building, zoning and other laws.

2.06. No Defaults. Neither Quemetco nor any of its subsidiaries is in default under any lease, sublease or other instrument evidencing any interest or right in respect of real property, or under any contract or other instrument to which it is a party or by which it is bound; nor is there any basis for any claim of default, nor has there occurred any event which, with the passage of time, could give rise to a default, under any such lease, contract or other instrument.

2.07. Contracts. Neither Quemetco nor any of its subsidiaries is a party to (a) any employment contract that cannot be terminated at will by the employer without penalty or (b) any other contract or commitment extending beyond the Closing Date and involving payment or other liability or obligation on the part of Quemetco or of one of its subsidiaries of an aggregate of more than \$10,000, other than: the contracts listed in Schedule 2, which Schedule has been delivered to St. Joe; the profit sharing plans and other compensation contracts listed in Schedule 3; the labor contracts and collective bargaining agreements listed in Schedule 4; the insurance policies listed in Schedule 6; and any contracts otherwise set forth in this Agreement or in the Exhibits or schedules hereto. Quemetco has furnished to St. Joe a complete and correct copy of all contracts listed in Schedule 2.

2.08. Profit Sharing Plans and Other Compensation Contracts. Neither Quemetco nor any of its subsidiaries has any pension plan, profit sharing plan or other incentive or deferred compensation contract or stock option plan or other compensation arrangement except for those listed in Schedule 3, which schedule has been delivered to St. Joe, and except for any mandatory profit sharing plan of PIPSA under Mexican Law. Quemetco has furnished to St. Joe a complete and correct copy of all plans listed in Schedule 3.

2.09. Labor Contracts and Collective Bargaining Agreements. Neither Quemetco nor any of its subsidiaries has any collective bargaining agreement or other agreement with a labor organization other than those listed in Schedule 4, which schedule has been delivered to St. Joe. Quemetco has furnished to St. Joe a complete and correct copy of all agreements listed in Schedule 4.

2.10. Tax Returns and Payments. Quemetco and each of its subsidiaries have filed all United States, California and other tax returns required by law to be filed, and have paid all taxes, assessments, fees and other governmental charges upon them or upon any of their properties, assets, income or franchises which have become due and payable. Neither Quemetco nor any of its subsidiaries knows of any additional assessments of tax pending or threatened, except for taxes which may become due upon the required filing of current tax returns and the proposed tax assessment by the State of California

Franchise Tax Board. The California assessment covers years ended March 31, 1963 through 1967 and amounts to \$21,978 of tax. The assessment is currently under protest. The federal income tax returns of Quemetco have been examined by the Internal Revenue Service through the fiscal year ended March 31, 1967, and all deficiencies asserted as a result of such examination have been paid and no extension of time for the assessment of deficiencies for any such year is in effect. The provisions for taxes reflected in the balance sheet as at March 31, 1970 referred to in section 2.04 are adequate to cover any and all tax liabilities of Quemetco and its subsidiaries in respect of their businesses, properties and operations during the periods covered by such financial statements and all prior periods. Neither the Internal Revenue Service nor any taxing authority, except for the California assessments noted above, is now asserting or, to the best knowledge, information and belief of Quemetco, threatening to assert against Quemetco or any subsidiary any material deficiency or claim for additional taxes or interest thereon or penalties in connection therewith.

2.11. Authority to Execute Agreement. Quemetco has the legal power and right to enter into this Agreement. Upon approval hereof by its shareholders as contemplated by section 6.01 A, Quemetco will have the legal power and right to perform all of its obligations hereunder. The consummation of the transactions contemplated by this Agreement will not be in conflict with, or result in the breach of any term or provision of, or constitute a default under, or cause any acceleration of payment or other obligation under, Quemetco's Articles of Incorporation or By-Laws, or (on the assumption that (a) the consents of the holders of the notes issued under the Note Purchase Agreement have been obtained or such notes have been retired, and (b) Quemetco has obtained the consents referred to in section 6.02 C) any indenture, mortgage, deed of trust or other instrument to which Quemetco or any of its subsidiaries is a party or by which it is bound, or to which its properties are subject, and will not result in the creation of any mortgage, lien, charge or encumbrance upon the assets of Quemetco or any of its subsidiaries pursuant to any such term.

2.12. Broker's Commissions and Finder's Fees. All negotiations for the sale contemplated by this Agreement have been carried on by Quemetco without the employment of any broker or other person, and neither Quemetco nor any of its subsidiaries has incurred any obligation or liability, contingent or otherwise, for broker's commissions or finder's fees in connection with this Agreement.

2.13. Disclosure. There is no fact known to any officer or plant manager of Quemetco, which materially adversely affects or in the future may (so far as Quemetco or its subsidiaries can now foresee) materially adversely affect the business, operations, affairs, condition (financial or otherwise), properties or assets of Quemetco or its subsidiaries which has not been set forth in this Agreement, or in Exhibits, schedules or other documents, certificates and statements furnished to St. Joe by or on behalf of Quemetco prior to or on the date hereof in connection with the transactions contemplated hereby.

Neither this Agreement nor any statement contained in any certificate, schedule or other instrument furnished to St. Joe by or on behalf of Quemetco in connection with the transactions contemplated hereby contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein not misleading, or necessary in order to provide a prospective purchaser of Quemetco's business with all proper information as to the operations, prospects and condition (financial or otherwise) of such business.

2.14. Undisclosed Liabilities. Except to the extent set forth in the financial statements of Quemetco and its subsidiaries for the year ended March 31, 1970, including the notes attached to such statements, Quemetco does not know of, and has no reasonable ground to know of, any basis for the assertion against Quemetco or any of its subsidiaries of any liability or obligation of any nature, whether absolute, accrued, contingent or otherwise, as of said date or arising thereafter, and Quemetco knows of no event which has occurred which will in the future give rise to any liability, except in all such cases such liabilities or obligations as have occurred in the ordinary course of business and do not individually exceed \$10,000; have been disclosed in writing to St. Joe prior to the execution of this Agreement or in this Agreement

(including the Exhibits hereto and Schedules referred to herein); or have arisen out of the negotiation of and performance of the acts contemplated by this Agreement.

2.15. Inventories; Facilities and Equipment. Inventories shown on the books of Quemetco and its subsidiaries are good, usable and salable as current inventories at regular prices in the ordinary course of the business of Quemetco and its subsidiaries, and no writedown in inventory has been made or should have been made under generally accepted accounting principles since March 31, 1970, other than changes made or which should have been made as a result of any change in the domestic price of lead as published in *American Metal Market*. All of the buildings, and all machinery and equipment therein, of Quemetco and its subsidiaries are in normal operating condition (consistent with the prior practices of Quemetco and its subsidiaries), free from any known material defects except such as require routine maintenance and such minor defects as do not substantially interfere with the continued use thereof in the conduct of the normal operations of Quemetco and its subsidiaries. Any machinery or equipment of PIPSA which has been imported into Mexico has been legally imported and all necessary duties on such machinery and equipment have been paid.

2.16. Commitments to Issue Stock. Except as disclosed in section 2.02, there are no options, warrants or other rights outstanding for the purchase of, any securities convertible into, the capital stock of Quemetco.

2.17. Bank Accounts. Neither Quemetco nor any of its subsidiaries has any bank account or safe deposit box other than those listed in Schedule 5, which schedule has been delivered to St. Joe.

2.18. Insurance Coverage. The physical properties and assets and risks of Quemetco and each of its subsidiaries are insured under policies adequate and customary for the business engaged in by Quemetco and its subsidiaries. Neither Quemetco nor any of its subsidiaries holds any insurance policies other than those listed in Schedule 6. Schedule 6 has been delivered to, and copies of all such policies have been furnished to, or made available for inspection by, St. Joe.

2.19. Accounts Receivable. None of the accounts receivable of Quemetco or of any subsidiary of Quemetco is subject to counterclaim or set-off. All such accounts receivable are bona fide, were obtained in the ordinary course of business and are collectible at the face amount thereof within 180 days after the Closing Date (it being understood that, for the purposes of this section, payments by any customer shall be deemed to be applied first to the oldest indebtedness of such customer), less applicable reserves for doubtful accounts and for allowances and discounts, computed on the same basis as the reserves for doubtful accounts and for allowances and discounts reflected in the balance sheet as at March 31, 1970 referred to in section 2.04. The percentage of accounts receivable represented by such reserves is not in excess of the percentage of accounts receivable represented by such reserves on March 31, 1970.

2.20. Claims and Litigation. There is no litigation, proceeding, demand or claim pending or, to the knowledge of Quemetco, threatened, which might foreseeably result in any adverse change in the business, properties or condition (financial or otherwise) of Quemetco or of any of its subsidiaries, other than the matters listed in Schedule 7, which schedule has been furnished to St. Joe.

2.21. Governmental Consent. Except as may be required by Mexican law, no consent, approval or authorization of or registration, qualification, designation, declaration or filing with any governmental authority is required in connection with the execution, delivery and performance of this Agreement or with the operation of the business of Quemetco or any of its subsidiaries. Any such consent, approval or authorization of or registration, qualification, designation, declaration or filing with any governmental authority which may be required by Mexican law and the transfer in connection with or as a result of the execution, delivery or performance of this Agreement including any consent or approval related to the transfer of Quemetco's PIPSA stock to New Quemetco, shall have been obtained at or before the Closing Date and the transfer of Quemetco's stock in PIPSA will not adversely affect any State tax

exemption, export quota or other privilege, right, franchise, permit, exemption, benefit or subsidy granted by any Mexican governmental authority.

2.22. Returns and Adjustments. No material returns or adjustments with respect to any of the products sold by Quemetco or any of its subsidiaries are currently due or pending and no claim for any such return or adjustment is presently threatened or in dispute.

2.23. Patents, Trademarks, Trade Names, etc. Neither Quemetco nor any of its subsidiaries either holds or utilizes in the conduct of its business any patents or registered trademarks or trade names, nor has any application for any of the same pending, except as set forth in Schedule 8, which schedule has been delivered to St. Joe. To the best knowledge and belief of Quemetco, neither it nor any of its subsidiaries infringes on any patents, trademarks or copyrights of others, either in the conduct of its business, or in any of the processes it uses, or in any of the products it manufactures or sells.

2.24. Compensation. Schedule 9 hereto, which Quemetco has furnished to St. Joe, sets forth a complete and correct list of all salaried employees of Quemetco and its subsidiaries receiving as of the date hereof compensation (including bonuses and commissions, if any) at an annual rate of \$10,000 or more, specifying the rate of such compensation (including any such bonuses and commissions), the corporation paying such compensation, and the positions with each corporation held by such employees.

2.25. Survival of Representations and Warranties. All statements, representations and agreements contained in any certificate or other instrument delivered by officers, employees or shareholders of Quemetco pursuant to this Agreement, or otherwise made by any of them as a condition of or in connection with this Agreement, shall be deemed also to be representations and warranties by Quemetco hereunder. Such statements, representations and agreements, and all covenants, representations and warranties made by Quemetco in this Agreement, shall survive the closing, and any investigation made by St. Joe or New Quemetco or on their behalf, until the Escrow Deposit shall have been distributed in accordance with the Escrow Agreement.

ARTICLE III

COVENANTS, REPRESENTATIONS AND WARRANTIES OF ST. JOE AND NEW QUEMETCO

St. Joe and New Quemetco hereby covenant, represent and warrant to Quemetco that:

3.01. Legal Status. St. Joe is a corporation duly organized, validly existing and in good standing under the laws of the State of New York and will have at the Closing Date all necessary corporate power and authority to acquire and operate the properties and business now owned and operated by Quemetco. New Quemetco is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and will have at the Closing Date all necessary corporate power and authority to acquire and operate the properties and business now owned and operated by Quemetco.

3.02. Corporate Approval. The execution and delivery of this Agreement and the consummation by St. Joe and New Quemetco of the transactions contemplated hereby have been duly authorized, and no further corporate authorization, except as contemplated by Section 7.03 herein, is necessary on the part of St. Joe and New Quemetco for such execution, delivery or performance.

3.03. Broker's Commissions and Finder's Fees. All negotiations for the sale contemplated by this Agreement have been carried on by St. Joe and by New Quemetco without the employment of any broker or other person, and neither St. Joe nor New Quemetco has incurred any obligation or liability, contingent or otherwise, for broker's commissions or finder's fees in connection with this Agreement.

3.04. Survival of Representations and Warranties. The covenants, representations and warranties made in sections 3.01, 3.02 and 3.03 shall survive the consummation of the transactions contemplated

by this Agreement until the Escrow Deposit shall have been distributed in accordance with the Escrow Agreement.

ARTICLE IV CONDUCT OF QUEMETCO'S BUSINESS PENDING CLOSING

Pending the consummation of this Agreement, Quemetco agrees that:

4.01. **Give Access, Information and Documents.** Quemetco and each of its subsidiaries will give to St. Joe and to St. Joe's representatives full access during normal business hours to all of the properties, books, records, tax returns, contracts, commitments and other records of Quemetco and its subsidiaries, and will promptly furnish to St. Joe all such documents or copies of documents, schedules of assets and liabilities and other information (certified by an officer of Quemetco if requested) with respect to the affairs of Quemetco and its subsidiaries as St. Joe may from time to time reasonably request.

4.02. **Conduct of Business.** Quemetco and each of its subsidiaries will carry on their business in substantially the same manner as heretofore; will continue to maintain and service their physical assets in the same manner as has been their consistent past practice, including, without limitation, the maintenance of inventories of raw materials, work in progress, finished products and supplies in quantities consistent with good business practice; will continue to service their customers' accounts and any products sold by them in the same manner as has been their consistent past practice; and will not enter into any contract or commitment involving an obligation, liability or commitment extending beyond the Closing Date and involving payment or other liability or obligation of more than \$10,000 (other than any contract or commitment necessary for the performance of the acts contemplated by this Agreement), or make or commit to make any capital expenditure in excess of \$10,000, without, in each case, the prior written consent of St. Joe. Neither Quemetco nor any subsidiary will sell or dispose of any real property, or sell or dispose of any personal property other than in the ordinary course of business, without the prior written consent of St. Joe. Quemetco will keep St. Joe informed of its affairs and will consult with St. Joe with respect to any and all of Quemetco's plans and operations not in the ordinary course of business.

4.03. **Maintain Insurance Coverages.** Quemetco and each of its subsidiaries will maintain in full force and effect insurance coverages comparable in amount and scope of coverage to those now maintained by them, and, to the extent requested by St. Joe, cause all policies of insurance and bonds to be endorsed to include St. Joe or New Quemetco as a party insured or beneficiary thereunder as its interest may appear.

4.04. **Maintain Business Organization.** Quemetco and each of its subsidiaries will use their best efforts to maintain their business organization intact and to retain their present employees, and to maintain their relationships with suppliers and customers and others having business relationships with them.

4.05. **Safeguard Confidential Information.** Quemetco and each of its subsidiaries will exercise due diligence in safeguarding and maintaining confidential reports and data in their possession.

4.06. **Call Shareholders' Meeting.** Quemetco will call a meeting of its shareholders to be held on or before December 31, 1970, for the purpose of taking the actions contemplated by section 6.01 A hereof. Quemetco shall use its best efforts to cause its shareholders to take such actions. The proxy materials for such meeting shall not be false or misleading with respect to any material fact relating to Quemetco and shall not fail to state any material fact necessary in order to make the statements therein relating to Quemetco not false or misleading.

4.07. **Use Best Efforts to Satisfy Conditions Precedent.** Quemetco will use its best efforts to cause the satisfaction of all conditions precedent contained in sections 6.01 and 6.02.

4.08. **Amend Articles of Incorporation or By-Laws.** Quemetco will not amend its Articles of Incorporation (except as provided in section 7.05 B) or By-Laws without St. Joe's prior written approval.

4.09. **Issue or Acquire Stock.** Neither Quemetco nor any of its subsidiaries will issue, sell or acquire any shares of its stock except that (a) Quemetco may issue stock upon the exercise of the stock options and upon the conversion of the Subordinated Notes referred to in section 2.02 and (b) Quemetco may acquire shares of Quemetco stock from The Bunker Hill Company pursuant to Quemetco's agreement with that company dated September 19, 1969.

4.10. **Declare Dividends or Other Distributions to Shareholders.** Quemetco will not declare, make or pay any dividend or other distribution to its shareholders.

4.11. **Increase Compensation of Employees.** Without St. Joe's prior written approval, neither Quemetco nor any of its subsidiaries will grant any general or uniform increase in the rates of pay of employees, or any increase in salary or employment or retirement benefits to any officer, employee or agent.

4.12. **Make any Employment Contracts.** Neither Quemetco nor any of its subsidiaries will enter into any employment contracts, bonus arrangements, pension plan, profit sharing plan, stock option plan, or any other incentive or deferred compensation contracts, without St. Joe's prior written approval. Quemetco will use its best efforts to cause employees designated by St. Joe to enter into employment agreements with New Quemetco, providing for compensation initially at their current rate of compensation (as disclosed in Schedule 9 furnished to St. Joe in accordance with section 2.24, if such employees are named in such schedule) and containing non-competition clauses similar to those contained in the form of employment agreement attached as Exhibit B.

4.13. **Waive any Material Rights.** Neither Quemetco nor any of its subsidiaries will waive any of its rights or claims having material value.

4.14. **Fail to Maintain Agreements in Effect.** Neither Quemetco nor any of its subsidiaries will fail to maintain in effect its leases, subleases, concessions (including, with respect to PIPSA, any State tax exemption, federal export quota, or other privilege, right, franchise, exemption, permit, benefit, or subsidy granted by any Mexican governmental authority), reservations, contracts, agreements and other instruments evidencing material interests and rights in respect of real and personal property other than the retirement, with St. Joe's prior written approval, of any notes issued under the Note Purchase Agreement.

ARTICLE V

CONDUCT OF ST. JOE'S BUSINESS PENDING CLOSING

Pending the consummation of this Agreement, St. Joe agrees that:

5.01. **Confidentiality.** St. Joe and each of its subsidiaries will exercise due diligence in safeguarding and maintaining confidential reports and data in their possession and, if this Agreement is not consummated, St. Joe will return to Quemetco all such reports and data as Quemetco may reasonably request.

5.02. **Use Best Efforts to Satisfy Conditions Precedent.** St. Joe will use its best efforts to cause the satisfaction of all conditions precedent contained in sections 6.01 and 6.03, as well as use its best efforts to assist Quemetco in obtaining the consent of all necessary persons to the assignment and transfer to New Quemetco of any and all of the properties, assets and agreements of Quemetco to be assigned and transferred to New Quemetco.

ARTICLE VI

CONDITIONS PRECEDENT TO CLOSING

6.01. **Conditions Precedent Applicable to St. Joe, New Quemetco and Quemetco.** Neither St. Joe nor New Quemetco nor Quemetco shall be obligated to consummate this Agreement unless, at the Closing Date:

A. *Quemetco Shareholder Action.* The holders of more than fifty percent (50%) of the issued and outstanding shares of the capital stock of Quemetco shall have voted in favor of this Agreement for Purchase and Sale, shall have adopted a Plan of Liquidation and Distribution contemplated by section 1.04, and shall have approved an amendment to Quemetco's Articles of Incorporation changing its name in accordance with section 7.05B.

B. *Absence of Litigation.* No suit, action or other proceeding, not instituted or threatened at the date of the execution of the Agreement, shall be instituted or threatened which questions the validity of this Agreement or any action taken or to be taken in accordance herewith, or in which is sought a restraint or prohibition of, or damages or other relief in connection with, this Agreement for Purchase and Sale.

C. *Note Purchase Agreement.* The consents of the lenders under the Note Purchase Agreement to this Agreement and to the transactions contemplated hereby shall have been obtained or are not required, and all arrangements with respect to the Notes and the Note Purchase Agreement shall be satisfactory to St. Joe.

6.02. **Additional Conditions Precedent to St. Joe's and New Quemetco's Obligation to Close.** Neither St. Joe nor New Quemetco shall be obligated to carry out this Agreement unless, at the Closing Date:

A. *Quemetco's Warranties True.* All representations and warranties of Quemetco contained herein and in any certificate or other schedule, instrument or writing delivered pursuant hereto or in connection with the transactions contemplated hereby shall be true and correct when made and as of the Closing Date except as affected by the consummation of such transactions.

B. *Quemetco's Performance.* Quemetco (and each of its subsidiaries to the extent involved) shall have performed and satisfied all covenants, agreements and conditions required herein to be performed and satisfied by it prior to or at the Closing Date.

C. *Consents to Assignment.* Quemetco shall have obtained all consents necessary to the assignment and transfer to New Quemetco of, and for New Quemetco to own and operate, all properties and assets of Quemetco, or necessary to enable New Quemetco to receive all interests under any contract, lease or agreement to be assigned to it by Quemetco under this Agreement.

D. *Officers' Certificate.* At the Closing Date, there shall have been delivered to St. Joe an Officers' Certificate (dated the Closing Date and signed by the President, the Treasurer and the Secretary-Controller of Quemetco), in form and substance satisfactory to counsel for St. Joe, that subsections A, B and C of this section 6.02 are true.

E. *Directors' Resolutions.* Quemetco shall have delivered to St. Joe a certified copy of the appropriate resolution or resolutions adopted by Quemetco's Board of Directors authorizing the transactions contemplated hereby.

F. *Certified Copy of Reports of Inspectors of Election.* Quemetco shall have delivered to St. Joe a certified copy of the reports of the Inspectors of Election appointed at the shareholders' meeting

showing the adoption by holders of more than fifty percent (50%) of Quemetco's outstanding stock of the actions as contemplated by section 6.01 A.

G. *Compliance with Statutes; Bulk Sales Laws.* Quemetco shall have complied with all applicable statutes required to be complied with in order effectively to vest in the purchaser hereunder good and marketable title to the assets to be sold hereunder, including, without limitation, all applicable bulk sales laws other than that of the State of California. Quemetco consents to the taking by St. Joe or New Quemetco of all action required to comply with the California bulk sales law.

H. *Opinion of United States Counsel for Quemetco.* Quemetco shall have delivered to St. Joe an opinion of Willis, Butler & Scheiffly, Los Angeles, California, special counsel for Quemetco, dated the Closing Date and in form and substance satisfactory to St. Joe and its counsel, to the effect that:

(1) Quemetco and each of its subsidiaries have been duly incorporated, are validly existing in good standing under the laws of the respective states in which each was incorporated and qualified, and have the corporate power to carry on their respective businesses as now being conducted.

(2) This Agreement has been duly authorized, executed and delivered by Quemetco and, subject to the due authorization, execution and delivery by St. Joe and New Quemetco, will constitute a valid and binding agreement in accordance with its terms.

(3) All necessary corporate proceedings by Quemetco have been taken, including appropriate action by shareholders of Quemetco to authorize the transactions contemplated by this Agreement, the performance by Quemetco of its obligations hereunder, and the execution and delivery by Quemetco of all instruments of conveyance and other documents as contemplated hereby.

(4) Except as may be required by Mexican law, all authorizations, approvals and consents of all governmental authorities and agencies that are either necessary to the performance of the provisions of this Agreement or required by law to be obtained by Quemetco prior to the Closing Date have been obtained.

(5) Such counsel have no knowledge of any litigation, proceeding, demand or claim, pending or threatened, which might foreseeably result in any adverse change in the business, properties or condition (financial or otherwise) of Quemetco or of any of its subsidiaries, or which questions the validity of this Agreement or of any action taken or to be taken by Quemetco pursuant hereto, except as disclosed in Schedule 7.

(6) The execution and performance of this Agreement has not and will not violate the terms of any instrument to which Quemetco is a party, or to which its properties (other than PIPSA stock) are subject, and of which such counsel has knowledge, or with reasonable investigation should have had knowledge.

(7) As to real and personal property (except for PIPSA stock), as stated in the fourth sentence of section 2.05.

(8) Except for PIPSA stock, Quemetco has complete and unrestricted power to sell, convey, transfer, assign and deliver to the purchaser hereunder all of the properties to be sold hereunder, and the instruments of conveyance, transfer and assignment executed and delivered to the purchaser hereunder are valid and effectively vest in the purchaser such title as Quemetco has. Each of the contracts to be assigned to the purchaser hereunder may be assigned without the consent of the other party thereto, or, if not so assignable, the consent of the other party thereto has been obtained.

(9) Quemetco has complied with all applicable bulk sales laws, as required by section 6.02 G.

(10) Quemetco's common stock is not required to be registered under section 12 of the Securities Exchange Act of 1934, and no shares of Quemetco common stock offered or sold since a date three years prior to the Closing Date were required to be registered under the Securities Act of 1933.

(11) The proxy materials for the meeting of Quemetco shareholders to be held on or before December 31, 1970 are not false or misleading with respect to any material fact relating to Quemetco and do not fail to state any material fact necessary in order to make the statements therein relating to Quemetco not false or misleading.

For purposes of the foregoing opinion, PIPSA shall not be deemed to be a subsidiary. Such opinion shall also cover such other matters incident to the transactions contemplated hereby as St. Joe or its counsel shall reasonably request. In rendering their opinion, Messrs. Willis, Butler & Scheifly may rely on certificates of officers or directors of Quemetco and on the opinion of Clive W. Johnson, Esq., general counsel for Quemetco, and on opinions of local counsel (as to matters other than of Federal and California law) provided that (i) Messrs. Willis, Butler & Scheifly state in their opinion that such certificates and opinions are satisfactory in form and substance to them and that they, and St. Joe and New Quemetco and counsel for St. Joe, are justified in relying on such certificates and opinions, and (ii) such certificates and opinions are in form and substance satisfactory to St. Joe and its counsel.

I. *Opinion of Mexican Counsel.* St. Joe shall have received an opinion from Teofilo Bichara, Esquire, counsel for PIPSA, dated the Closing Date and in form and substance satisfactory to St. Joe and its counsel, to the effect that:

(1) PIPSA has been duly incorporated, is validly existing in good standing under the laws of the United Mexican States, and has the corporate power to carry on its business as now being conducted.

(2) PIPSA owns the real property located in Mexico shown on Schedule 1 as owned by PIPSA and has title to such property good and free from liens and encumbrances according to a recent Certificate of Freedom from Encumbrances issued by the Public Property Registry and further has good title to the improvements constructed thereon.

(3) A search of the Public Property Registry has disclosed no registered lien on any personal property in the possession of PIPSA other than liens which are not, either individually or in the aggregate, substantial in amount and which do not materially detract from the value of properties and assets subject thereto and which are immaterial in their effect upon the use of such property or assets for the purposes now used.

(4) Quemetco has complied with all applicable Mexican laws and has obtained any necessary consents, governmental or otherwise, necessary to transfer to New Quemetco all of Quemetco's stock in PIPSA, and the instruments of conveyance, transfer and assignment executed and delivered to New Quemetco hereunder are valid and effectively vest in New Quemetco such title to such stock.

(5) Quemetco owns 60% of the issued and outstanding stock of PIPSA. All shares of PIPSA stock owned by Quemetco are validly issued and outstanding, fully paid and non-assessable and owned by Quemetco, free of any mortgage, lien, pledge, charge or encumbrance of any kind.

(6) The execution and performance of this Agreement has not and will not violate the terms of any instrument to which PIPSA's real property in Mexico and Quemetco's shares of PIPSA stock are subject.

J. *Opinion of Counsel for St. Joe.* St. Joe shall have received a favorable opinion from Messrs. Debevoise, Plimpton, Lyons & Gates, counsel for St. Joe, dated the Closing Date, covering the matters discussed in subdivisions (1) (as to the due incorporation, good standing and corporate power of Quemetco), (2), (8) (as stated in the first sentence thereof) and (9) of section 6.02 H and the matters

discussed in subdivision (3) of section 6.03 C, and such other matters as St. Joe may reasonably request. In rendering their opinion, such counsel for St. Joe may rely, as to matters other than of Federal, New York or Delaware law, upon the opinions of local counsel, if counsel for St. Joe state in their opinion that they and St. Joe are justified in relying on such opinions.

K. *Opinion of Special Counsel for St. Joe.* St. Joe shall have received an opinion from Messrs. Curtis, Mallet-Prevost, Colt & Mosle, dated the Closing Date and in form and substance satisfactory to St. Joe and its counsel, as to the matters set forth in section 6.03 I. In rendering their opinion, Messrs. Curtis, Mallet-Prevost, Colt & Mosle may rely, as to matters of Mexican law, on the opinion of Messrs. Noriega & Escobedo.

L. *Accountants' Letters.* (1) St. Joe shall have received from Lybrand, Ross Bros. & Montgomery a letter dated the Closing Date, stating that on the basis of a reading of the last available unaudited consolidated financial statements of Quemetco and its subsidiaries, inquiries of officials of Quemetco who are responsible for financial and accounting matters, a reading of the minutes of all meetings of the directors (including any executive committee meetings) and of the stockholders of Quemetco and its subsidiaries since March 31, 1970, but not an audit in accordance with generally accepted auditing standards, nothing has come to their attention as a result of these procedures that caused them to believe that during the period from March 31, 1970, to a specified date not more than five days prior to the Closing Date there has been any change in the consolidated capital stock or long-term debt (except current payments and payment, with St. Joe's prior written consent, of the notes issued pursuant to the Note Purchase Agreement) of Quemetco and its subsidiaries or any material decrease in consolidated net current assets or net assets, or in consolidated net sales or in the total or per share amounts of income before extraordinary items or of net income, except in all instances for changes which the proxy statement referred to in section 4.06 discloses have occurred or may occur. In furnishing said letter, Lybrand, Ross Bros. & Montgomery may rely, as to matters related to PIPSA and assets of Quemetco in Mexico, on a letter of Sr. Rodrigo Treviño Madero, if Lybrand, Ross Bros. & Montgomery state in their letter that they are justified in relying on such letter. (2) St. Joe shall have received from Haskins & Sells a letter dated the Closing Date, setting forth the results of a business-man's review conducted by them and also stating that their review shall have disclosed no inaccuracy in any representation or warranty made by Quemetco herein relating to financial or accounting matters.

M. *Number of Shares of Quemetco Stock Outstanding.* St. Joe shall have received from Union Bank, transfer agent for Quemetco's common stock, a certificate, dated the Closing Date, as to the number of shares of such stock outstanding on the Closing Date.

N. *Employment Agreements.* Mr. Robert N. Quenell shall have entered into an employment agreement with New Quemetco substantially in the form attached hereto as Exhibit B, with such changes therefrom as shall be agreed to by New Quemetco, Quemetco and Mr. Quenell.

O. *Proceedings and Instruments.* All proceedings, corporate or other, to be taken in connection with the transactions contemplated by this Agreement, and all documents incident thereto, shall be reasonably satisfactory in form and substance to St. Joe.

6.03. **Additional Conditions Precedent to Quemetco's Obligation to Close.** Quemetco shall not be obligated to carry out this Agreement unless, at the Closing Date:

A. *St. Joe's and New Quemetco's Warranties True.* All representations and warranties of St. Joe and of New Quemetco contained herein and in any certificate or other instrument or writing delivered pursuant hereto or in connection with the transactions contemplated hereby shall be true and correct when made and as of the Closing Date.

B. *St. Joe's and New Quemetco's Performance.* St. Joe and New Quemetco shall have performed and satisfied all covenants, agreements and conditions required herein to be performed and satisfied by them prior to or at the Closing Date.

C. *Counsel's Opinion.* Quemetco shall have received from counsel for St. Joe an opinion, dated the Closing Date, in form and substance satisfactory to Quemetco and its counsel, to the effect that:

(1) St. Joe has been duly incorporated and is validly existing in good standing under the laws of New York and has the corporate power to carry on its business as now being conducted. New Quemetco has been duly incorporated and is validly existing in good standing under the laws of Delaware.

(2) All necessary corporate and other proceedings have been taken by St. Joe and New Quemetco to authorize the execution and delivery of this Agreement by them, the performance by them of their obligations hereunder, the execution and delivery by them of all documents required by this Agreement to be executed and delivered by them, and the assumption of the debts, obligations, agreements and liabilities of Quemetco as provided herein (subject, in the case of the options referred to in Section 7.03C, to the stockholder vote referred to therein); this Agreement has been duly authorized, executed and delivered by St. Joe and New Quemetco and, subject to the due authorization, execution and delivery by Quemetco, will constitute a valid and binding agreement in accordance with its terms.

(3) All authorizations, approvals and consents of all governmental authorities and agencies that are either necessary to the performance of the provisions of this Agreement or required by law to be obtained by St. Joe and New Quemetco prior to the Closing Date have been obtained.

(4) Such counsel has no knowledge of any material legal proceedings pending against St. Joe which questions the validity of this Agreement or of any action taken or to be taken pursuant hereto, except as disclosed in writing to Quemetco at or prior to the Closing Date.

In rendering their opinion, Messrs. Debevoise, Plimpton, Lyons & Gates may rely on certificates of officers or directors of St. Joe and New Quemetco and opinions of associate counsel, provided that (i) Messrs. Debevoise, Plimpton, Lyons & Gates state in their opinion that such certificates and opinions are satisfactory in form and scope to them and that they, and Quemetco, are justified in relying on such certificates and opinions and (ii) such certificates and opinions are in form and scope satisfactory to Quemetco.

6.04. **Waiver of Deficiencies.** St. Joe and New Quemetco may elect to waive any deficiencies which may exist in the conditions precedent to their obligations to close. Quemetco may likewise elect to waive any deficiencies which may exist in the conditions precedent to Quemetco's obligation to close. Any such waiver shall be made in writing signed by the President or a Vice President of the waiving party, and shall be delivered to the opposite party on or before the Closing Date.

ARTICLE VII

CONSUMMATION OF TRANSACTION AND INDEMNIFICATION

7.01. **Closing Date.** This Agreement shall be consummated at the offices of Willis, Butler & Scheiffly, at 10:00 o'clock A.M. local time, on December 29, 1970, or at such earlier or (subject to the provisions of section 8.07) later time and place as may be agreed upon in writing by the parties hereto (the "Closing Date"). This Agreement shall be consummated with the exchange of the consideration set forth in sections 7.02 and 7.03 and by the performance of the additional acts required in the remainder of this Article.

7.02. Quemetco's Consideration.

A. *Assets Transferred.* Quemetco agrees to deliver to New Quemetco such instruments of transfer as, in the opinion of counsel for St. Joe, will vest in New Quemetco good and marketable title to all of Quemetco's assets, properties, business and good will of every kind and description (tangible or intangible, real, personal and mixed) wherever located, as the same shall exist on the Closing Date, and the rights to all tax refunds paid to Quemetco from and after the Closing Date. Quemetco shall deliver to New Quemetco possession of all of the assets, properties, business and good will transferred to New Quemetco.

B. *Indemnification.* Quemetco agrees to and does hereby indemnify and hold harmless St. Joe and New Quemetco against and in respect of any and all claims, losses, expenses, obligations and liabilities (hereinafter called "Damages") which St. Joe or New Quemetco may incur or suffer and which arise or result from or relate to:

- (1) Any breach by Quemetco of its warranties, representations, or covenants;
- (2) Any obligation or liability of Quemetco which is not assumed by New Quemetco in this Agreement;
- (3) Any breach by Quemetco or any of its subsidiaries, at any time prior to the closing, of any contract or agreement assumed by the purchaser hereunder;
- (4) Any liability or obligation which St. Joe or New Quemetco may incur by reason of any non-compliance by Quemetco with the laws referred to in section 6.02 G; or
- (5) Any action, suit, proceeding or demand seeking to impose liability or obligation on St. Joe or New Quemetco incident to any of the foregoing and any judgment, cost or expense incident to any such action, suit, proceeding or demand.

Provided, however:

- (i) Indemnification under this section 7.02 B shall be only to the extent of, and out of, the Escrow Deposit described in the Escrow Agreement.
- (ii) Quemetco shall not be liable for any such breach or obligation or liability if the amount of such breach or obligation or liability does not exceed Five Thousand Dollars (\$5,000.00) and then only to the extent such breaches or obligations or liabilities exceeding Five Thousand Dollars (\$5,000.00) are in the aggregate in excess of Twenty-Five Thousand Dollars (\$25,000.00). For purposes of computing the foregoing exclusions in this clause (ii), the amount of any liability of Quemetco hereunder shall be determined after giving effect to the net tax benefit, if any, to St. Joe or New Quemetco by virtue of such item.
- (iii) Quemetco shall not be liable for any individual item of Damage in respect of any breach by Quemetco of its warranties, representations or covenants if such breach was known to St. Joe prior to the Closing Date and if this Agreement was consummated in accordance with this Article VII.

7.03. **St. Joe's Consideration.**

A. *Cash Transferred.* St. Joe agrees to deliver checks as set forth in section 1.02.

B. *Assumption of Liabilities.* New Quemetco, upon receipt of the assets of Quemetco, shall assume, pay, satisfy, perform, discharge and indemnify and hold harmless Quemetco, its shareholders, directors and officers, against any loss, cost, claim or demand of any kind or character arising out of or resulting from the debts, obligations, agreements and liabilities of Quemetco of every kind and description as the same shall exist at the Closing Date or, if such item arose from the performance of actions contemplated by this Agreement, subsequent to the Closing Date, provided, that New Quemetco shall not assume any liability or obligation of Quemetco or of any of its subsidiaries with respect to:

- (i) any real properties, leases or other interests in real property not listed in Schedule 1; any contracts which should have been listed in Schedule 2 and which are not so listed; any pension plan, profit sharing plan or other compensation contract or stock option plan which should have been listed in Schedule 3 and which is not so listed; any agreement with a labor organization which is not listed in Schedule 4; and any pending litigation or proceeding in which Quemetco has been served or of which it has actual knowledge at the Closing Date, which should have been listed in Schedule 7 and is not so listed;
- (ii) expenses or commitments incurred by Quemetco and its subsidiaries in connection with this transaction (whether or not paid prior to the Closing Date) for legal fees of United States counsel in excess of \$100,000.00 and accounting fees in excess of \$15,000.00 for other than year end audit;

(iii) claims of stockholders or former stockholders of Quemetco, either individually or as a class or derivatively on behalf of Quemetco; or

(iv) any claims arising from the failure or alleged failure of Quemetco to meet the requirements of section 337 of the Internal Revenue Code of 1954, as amended.

C. Assumption of Existing Stock Options. St. Joe, upon the receipt of the assets of Quemetco, shall assume all the outstanding stock options granted by Quemetco pursuant to its Qualified Stock Option Plan existing on the Closing Date, and shall use its best efforts to cause such assumption to be made in such a manner that St. Joe becomes a corporation "assuming a stock option in a transaction to which section 425 (a) applies" within the meaning of section 422 of the Internal Revenue Code of 1954, as amended. Such assumption is subject to approval by St. Joe stockholders, and St. Joe agrees to submit such assumption to its stockholders at their next annual meeting. The substitution of St. Joe common stock for Quemetco common stock shall be achieved in the following manner:

(a) The ratio of the option price to the fair market value of the St. Joe common stock shall be equal to the ratio of the option price to the fair market value of the Quemetco common stock, and

(b) The number of shares subject to the options assumed by St. Joe shall be adjusted to compensate for any change in the aggregate spread between the aggregate option price and the aggregate fair market value of the stock subject to the option immediately after the assumption as compared to the aggregate spread between the option price and the aggregate fair market value of the stock subject to the option immediately before the assumption. Any fractional share resulting from such adjustment shall be disregarded.

For purposes of the above calculation, the fair market value per share of the St. Joe common stock shall be its closing price on the New York Stock Exchange on the Closing Date, unless no such price is available.

D. Assumption of Obligations Upon Conversion of Subordinated Notes. New Quemetco agrees to pay up to \$13.50 per share for each share of Quemetco common stock issued after the Closing Date upon conversion of the Subordinated Notes.

E. Indemnification. St. Joe agrees to and does hereby indemnify and hold harmless Quemetco against and in respect of any and all claims, losses, expenses, obligations and liabilities which Quemetco may incur or suffer and which arise or result from or relate to:

- (1) Any breach by St. Joe or New Quemetco of its warranties, representations, or covenants; and
- (2) Any damage to Quemetco caused by the failure of St. Joe or New Quemetco to perform its obligations under subsections 7.03 B or 7.03 C of this Agreement.

7.04. Escrow Agreement. On the Closing Date, St. Joe, New Quemetco and Quemetco shall enter into the Escrow Agreement in the form attached hereto as Exhibit A and Quemetco shall on the Closing Date endorse and deliver to Union Bank the check referred to in section 1.02 B.

7.05. Additional Covenants of Quemetco.

A. Further Assurances. From time to time (whether at or after the closing) Quemetco, at its expense and without further consideration, shall provide St. Joe with such additional consents, releases, authorizations, transfers and other documents as may be reasonably required by St. Joe to carry out the provisions of this Agreement and to fully accomplish its purposes and intents.

B. No Further Business; Use of Name. After the Closing Date, Quemetco will carry on no further business activities except such activities as may be incident to its winding up and liquidation. On the Closing Date, or as soon as possible thereafter (but in no event later than five days after the Closing Date), Quemetco will have its Articles of Incorporation amended to change its name to Q & R Liquidating Corporation, or to such other name as may be approved in writing by St. Joe, and will take

appropriate steps to notify the Secretary of State or equivalent official in each jurisdiction in which Quemetco is qualified of the change of name. Quemetco will give whatever consents are required to the change by New Quemetco of its name to "Quemetco, Inc." or any other similar name incorporating the name "Quemetco", which change shall be effected as soon as possible after Quemetco changes its name as set forth above.

C. *Corporate Records.* Quemetco shall deliver to New Quemetco: (i) as custodian for Quemetco the Articles of Incorporation, By-Laws, minute book, seal and other corporate records having exclusively to do with the corporate organization of Quemetco; provided, however, that the delivery of the stock transfer records may be postponed for such period as will allow the orderly distributions to its shareholders in liquidation of Quemetco; and (ii) all other books and records, including files and books of account, of Quemetco.

D. *Liquidation of Quemetco.* Quemetco covenants that it will, promptly after the consummation of this transaction liquidate and distribute the cash which it receives in this transaction to its shareholders in accordance with the Plan of Liquidation referred to in section 1.04. Quemetco will use its best efforts, at no cost to Quemetco, to be fully wound up and dissolved by January 14, 1971, including the filing of a Certificate of Winding Up and Dissolution with the California Secretary of State.

E. *Mail and Correspondence.* Quemetco agrees to turn over to St. Joe all mail and correspondence received after the Closing Date by Quemetco relating to the business conducted prior to the Closing Date by Quemetco and continued by St. Joe or New Quemetco.

ARTICLE VIII

FURTHER COVENANTS

8.01. **Notices.** Any notice or communication required or permitted hereunder shall be deemed to be properly given if, in the case of St. Joe, addressed to:

St. Joe Minerals Corporation
250 Park Avenue
New York, New York 10017

(or such other address as St. Joe may from time to time furnish to Quemetco in writing for such purpose); and, in the case of Quemetco, addressed to:

Mr. Robert N. Quenell
Quemetco, Inc.
720 South Seventh Avenue
City of Industry, California 91746

(or such other address as Quemetco may from time to time furnish to St. Joe in writing for such purposes). All such notices shall be in writing and shall be mailed by registered or certified mail, in an envelope addressed as above provided, and shall be deemed to have been given on the date mailed.

8.02. **Amendment.** St. Joe and Quemetco, by mutual written consent, may amend or modify this Agreement to extend the Closing Date or in any other respect, except that, after this Agreement has been approved by the shareholders of Quemetco, the approval of such shareholders shall be required for any amendment or modification which shall:

A. Reduce the dollar amount per share of common stock of Quemetco to be delivered to Quemetco hereunder;

B. Materially change the provisions of this Agreement with respect to the transfer of the assets of Quemetco to, and the assumption of the liabilities and obligations of Quemetco by, New Quemetco; or

C. Materially adversely affect the distributions to the shareholders of Quemetco as provided in section 1.04.

8.03. **Assigns.** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided that any assignment of this Agreement, or the rights hereunder of either St. Joe (or New Quemetco) or Quemetco, without the written consent of the other, shall be void.

8.04. **Counterpart Executions.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

8.05. **Publicity.** All notices to third parties and all other publicity concerning the transactions contemplated by this Agreement shall be jointly planned and coordinated by and between St. Joe and Quemetco. Neither of the parties hereto shall act unilaterally in this regard without the prior written approval of the other, which approval shall not be unreasonably withheld.

8.06. **Parties in Interest.** Nothing contained in this Agreement, whether express or implied, is intended to confer upon any person or entity other than the parties hereto and their respective successors and assigns, any rights or remedies, nor is anything in this Agreement intended to relieve or discharge the liability of any other person or entity to any party hereto, nor shall any provision hereof give any such person or entity any right of subrogation against, or action over against, any party.

8.07. **Termination; Expenses on Termination.** (a) This Agreement may be terminated at any time prior to the Closing Date:

(i) by the mutual written consent of St. Joe, New Quemetco and Quemetco, authorized by their respective boards of directors;

(ii) by joint written notice from St. Joe and New Quemetco to Quemetco, authorized by the boards of directors of St. Joe and New Quemetco, if the conditions provided in sections 6.01 and 6.02 shall not have been met by February 28, 1971, or the date such notice is given, whichever is later;

(iii) by written notice from Quemetco to St. Joe and New Quemetco, authorized by the board of directors of Quemetco, if the conditions provided in sections 6.01 and 6.03 shall not have been met by February 28, 1971, or the date such notice is given, whichever is later;

provided, however, that termination pursuant to (ii) or (iii) shall be without prejudice to any party's rights with respect to a breach by any other party.

(b) If this Agreement is terminated in accordance with subsection (a), the parties hereto agree to bear their respective expenses, including but not limited to legal and accounting fees and expenses. In such event all expenses of printing this Agreement and proxy materials for meetings of Quemetco shareholders in connection with this Agreement shall be borne by Quemetco.

8.08. **Headings.** The headings in the sections of this Agreement are inserted for convenience only and shall not constitute a part hereof.

8.09. **Governing Law.** This Agreement shall be construed in accordance with, and governed by, the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement for Purchase and Sale, the day and year first above written.

ST. JOE MINERALS CORPORATION

By *D. Broward Craig*
Vice President

ATTEST:

Secretary
(Seal)

Q ACQUISITION CORPORATION

By *J. Duncan*
Vice - President

ATTEST:

D. Broward Craig
Assistant Secretary
(Seal)

QUEMETCO, INC.

By *Robert N. Crumley*
President

ATTEST:

Ray C. A. Robinson
Secretary
(Seal)